UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/CONF.151/PC/86
15 August 1991

Original: ENGLISH

PREPARATORY COMMITTEE FOR THE UNITED NATIONS
CONFERENCE ON ENVIRONMENT AND DEVELOPMENT
Third session
Geneva, 12 August - 4 September 1991
Plenary
Item 2 (c) of the provisional agenda

PREPARATIONS FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT ON THE BASIS OF GENERAL ASSEMBLY RESOLUTION 44/228 AND TAKING INTO ACCOUNT OTHER RELEVANT GENERAL ASSEMBLY RESOLUTIONS

CROSS-SECTORAL ISSUES

Proposal submitted by the delegation of the People's Republic of China

THE GREEN FUND

Background

1. Each and every action taken to protect the global environment will require a certain amount of funding to ensure its success. This is particularly important to the developing countries.

2. As of now, global environmental funding comes mainly from the following two sources: one is the funding mechanism provided for in the Montreal Protocol on Substances that Deplete the Ozone Layer, by which the developed countries provide funding to assist the developing countries in reducing the production of such substances as CFC and achieving their replacement. The other is the Global Environmental Facility (GEF) which is used for projects in areas such as climatic change and biodiversity. These funding mechanisms have by and large concerned themselves with environmental problems of a global nature, whereas no corresponding fundings are available with respect to some special environmental problems mainly facing the developing countries.

3. The developing countries are very concerned about such a situation. They have called the attention of the international community to their special problems and special needs and called for its practical actions of assistance in the areas of funding and technology. The proposal for the Green Fund is aimed at solving some of the problems involved.

4. The Green Fund proposal was made for the first time by the Chinese Delegation at the first and second sessions of the Preparatory Committee. At that time, its concept was limited mainly to fundings for planting trees and grasses in the developing countries with a view to increasing their vegetation and their capacity to absorb greenhouse gases. This proposal has aroused much interest from many countries and international organizations which in turn have given it their endorsement and support.

5. At the Ministerial Conference of the Developing Countries on Environment and Development held in Beijing in June 1991, the Green Fund proposal also enjoyed extensive support from the developing countries. Moreover, its content has expanded to include, besides planting trees, assistance to help solve the special environmental problems facing the developing countries, problems that are not covered by the existing specific international legal instruments. Through consultation, the Green Fund was written into the Beijing Declaration (A/CONF.151/PC/85):

> "23. In order to deal with the long-existing but now rapidly aggravating environmental problems of immediate concern to the developing countries, a special Green Fund should be established to provide adequate and additional financial assistance to them. This Fund should be used to address problems which are not covered by specific international agreements, such as water pollution, coastal pollution affecting mangrove forest, shortages and degradation of fresh water resources, deforestation, soil loss, land degradation and desertification. It should also cover the costs of the transfer of environmentally sound technologies and the costs of building up national capabilities for environment protection and for scientific and technological research. This Fund should be managed on the basis of equitable representation from developing and developed countries and should ensure easy access for developing countries."

6. Therefore, the Green Fund is intended to be another global funding mechanism aimed at solving the special environmental problems facing the developing countries.

The Necessity for the Green Fund

7. Many developing countries are under pressure from various sides while confronting the challenges of environment and development. They must step up economic development to lift themselves from poverty and backwardness, while taking upon themselves the task of protecting the environment. They must take part in finding solutions to such global environmental issues as climate change and ozone depletion, while meeting challenges posed by the traditional environmental problems inside their countries. All these efforts require

large amounts of financial input, which is well beyond their capacity, given their present level of development. Therefore, it is necessary to furnish them with effective financial assistance.

8. The efforts to help the developing countries to solve their special, traditional, regional and domestic environmental problems are closely related to their extensive participation in international actions aimed at solving global environmental issues. In view of the fact that the developing countries are beset with economic underdevelopment and serious environmental problems domestically, if funding consideration is given only to the GEF-listed global issues without giving priority to the real needs of the developing countries, then, it will still be very difficult to endure their full, sustained and effective participation. It is hardly a comprehensive and realistic view to believe that financial assistance in certain areas will get all countries at different stages of development effectively mobilized.

9. The 1992 Conference on Environment and Development, as an important opportunity to promote even more extensive and in-depth global cooperation on environment and development, will, in addition to formulating document(s) aimed at mobilizing the international community, work to achieve a number of substantive results which will serve as the basis for follow-up actions of the future. The Green Fund, which provides a new way of funding, has already received the endorsement and support of many countries, and may become an attractive and important practical solution.

The Main Areas of Application of the Green Fund

10. In accordance with the Beijing Declaration, the Green Fund is aimed at solving the special environmental problems facing the developing countries which are not covered by the existing specific legal instruments. It will be used mainly in:

(a) Preserving forests (including mangrove forests), planting trees and increasing vegetation;

(b) Increasing the supply capacity of fresh water resources, preventing and treating water degradation;

(c) Preventing soil degradation, including control of soil loss and desertification.

11. When using the funds from the Green Fund in the above-mentioned areas, consideration will be given to the following needs:

(a) Provision of subsidies for the developing countries to purchase, on preferential terms, intellectual property for relevant technologies of environmental protection or environmentally sound technologies for economic development, and promotion of their transfer to and application in the developing countries;

(b) Provision of credit to the developing countries to help their projects of land development and ecosystem improvement, particularly their projects on large-scale afforestation, vegetation expansion and management, rational use of water resources and water degradation control;

(c) Provision of aid for the developing countries to strengthen their work of formulating environmentally sound socio-economic development programmes and their capacity to implement them, with particular emphasis on needed institutional facilities and personnel training;

(d) Provision of aid for the developing countries to develop demonstration projects which coordinate environment protection with development, such as eco-farming, alternative energy (hydro, wind or solar) projects.

The Mode of Fund Raising of the Green Fund

12. The Green Fund may follow the example of the existing economic development assistance funding institutions of the world in its fund raising efforts. Namely, the developed countries and the relevant international agencies will provide most of the funds. The developing countries will contribute as they can afford on a voluntary basis. The fund-raising methods could be diversified to include:

(a) A percentage formula, such as a certain percentage of GNP or United Nations membership assessment;

(b) Voluntary contributions by various countries;

(c) Intergovernmental grants, both bilateral and multilateral;

(d) Contribution by non-governmental organizations and individuals;

(e) Other creative methods of fund-raising, such as SDR distribution, global bond issues or global stamps, pollutant discharge quota exchange and excessive per capita pollutant discharge fees.

13. Under the current circumstances, the first method will be the main channel to draw funds for the Green Fund.

The Management of the Green Fund

14. As to the mode of management of the Green Fund, considering the special nature of the environmental problems it is set to resolve, it is advisable to make it a separate international fund. A governing council, which should be small and capable, comprising equal numbers of representatives from the developing and developed countries, should be set up and take charge of making decisions on important matters. Its day-to-day operations can be entrusted to appropriate international agencies such as the World Bank, UNDP, UNEP or FAO. The coordination would be done at a certain level in keeping with the decision taken by the 1992 Conference on Environment and Development.